

**BAAZEEM TRADING COMPANY
(SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE THREE-MONTH AND SIX-MONTH
PERIODS ENDED JUNE 30, 2022 (UNAUDITED)
TOGETHER WITH INDEPENDENT AUDITOR'S LIMITED
REVIEW REPORT**

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(SAUDI JOINT STOCK COMPANY)
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Index	Page
Independent auditor's report on review of interim condensed consolidated financial statements	1
Interim condensed consolidated statement of financial position (Unaudited)	2
Interim condensed consolidated statement of profit or loss and comprehensive income (Unaudited)	3
Interim condensed consolidated statement of changes in shareholders' equity (Unaudited)	4
Interim condensed consolidated statement of cash flows (Unaudited)	5
Notes to the Interim condensed consolidated financial statements (Unaudited)	6 - 14

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the **Shareholders of The Baazeem Trading Company**
(A Saudi Joint Stock Company)

Introduction:

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Baazeem Trading Company** (a Saudi Joint Stock Company) "the company" and its subsidiary collectively referred to together as the "Group", as of June 30, 2022, and the related interim condensed consolidated statement of profit or loss and the other comprehensive income for the three-month and six-month periods then ended, and the related interim condensed consolidated statements of changes in shareholders' equity and interim condensed consolidated cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

The group's management is responsible for preparing and presenting these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 (interim Financial Reporting) endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review:

We conducted our review in accordance with the International Standard on Review Engagements No. (2410) Review of interim Financial Information performed by the independent auditor of the entity, endorsed in the Kingdom of Saudi Arabia. A review of the interim condensed consolidated financial statements consists of making inquiries, primarily, to those responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards of Auditing endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would be become aware of all significant matters that might be identified in an audit. Accordingly, we do not express such an audit opinion.

Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements as of June 30, 2022 have not been prepared in all material respects, in accordance with the International Accounting Standard No. 34 (Interim Financial Report) endorsed in the Kingdom of Saudi Arabia.

Emphasis of matter:

We refer to note (2) regarding the Group's information (investment in Qatar) registered in the name of one of the main Shareholders (the Chairman of the Board of Directors) since 2008. This is approved in the minutes of the Board of Directors and the minutes of the General Assembly.

For Al-Kharashi Co.



Abdullah S. Al Misned
License No. (456)



Riyadh:

Muharram 11, 1444 H
August 09, 2022

Baazeem Trading Company
(Saudi Joint Stock Company)
Interim condensed Consolidated Statement of Financial Position
As of June 30, 2022
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Assets			
Non-current assets:			
Property, plant and equipment, Net		33,232,474	38,975,125
Intangible assets, Net		1,819,838	2,162,544
Right-of-use assets, Net		2,727,854	2,810,514
Financial assets at fair value through other comprehensive income	5	3	3
Total non-current assets		37,780,169	43,948,186
Current assets:			
Inventory	6	70,654,149	61,351,668
Trade receivables and other debit balances, Net	7	110,553,419	97,946,190
Cash and cash equivalents	8	35,740,349	35,720,926
Total current assets		216,947,917	195,018,784
Total assets		254,728,086	238,966,970
Share holders' Equity and Liabilities			
Share holders' Equity:			
Paid Share capital		101,250,000	101,250,000
Statutory reserve		30,375,000	30,375,000
Retained earning		59,135,307	63,410,991
Employees defined benefit obligations remeasurement reserve		(950,236)	(950,236)
Total shareholders' equity		189,810,071	194,085,755
Liabilities			
Non-current liabilities:			
Lease obligations - non-current portion		2,854,899	2,769,588
Employees defined benefit obligations		8,564,870	8,658,766
Total non-current liabilities		11,419,769	11,428,354
Current liabilities:			
Banks - credit facilities	9	27,867,906	16,423,160
Lease obligations - current portion		18,356	36,712
Trade payables and other credit balances		22,910,860	12,327,405
Due to related parties		376,254	381,540
Zakat provision	10	2,324,870	4,284,044
Total current liabilities		53,498,246	33,452,861
Total liabilities		64,918,015	44,881,215
Total shareholders' equity and liabilities		254,728,086	238,966,970

Finance Department

Chief Executive Officer

Chairman of BOD





- The accompanying notes are an integral part of these Interim condensed consolidated financial statements.

Baazeem Trading Company
(Saudi Joint Stock Company)

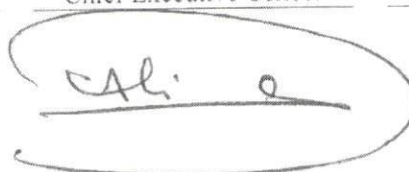
Interim condensed Consolidated statement of profit or loss and other comprehensive income
For the three and six-month periods ended June 30, 2022
(All amounts are in Saudi Riyals unless otherwise stated)

Note	For the three-month period ended		for the six-month period ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue, net	58,453,914	59,376,280	132,891,401	139,213,563
Cost of sales	(35,393,178)	(34,198,080)	(83,213,066)	(84,946,083)
Gross profit	23,060,736	25,178,200	49,678,335	54,267,480
Operating Expenses:				
Selling and marketing expenses	(9,258,886)	(10,876,985)	(20,859,582)	(22,776,689)
General and administrative expenses	(8,019,603)	(7,796,856)	(12,530,319)	(13,216,763)
Other expenses, net	(488,280)	(492,722)	(925,090)	(951,842)
Profit from operations	5,293,967	6,011,637	15,363,344	17,322,186
Investment losses in fair value valuation	(281,684)	-	(238,260)	-
Other income	857,527	222,681	1,088,621	309,460
Finance cost	(158,256)	(167,637)	(450,639)	(620,873)
Profit before zakat for the period	5,711,554	6,066,681	15,763,066	17,010,773
Zakat	(1,160,000)	(1,160,000)	(2,320,000)	(2,320,000)
Net profit for the period to:	4,551,554	4,906,681	13,443,066	14,690,773
Other comprehensive income items that will be later be reclassified to profit or loss:				
Other comprehensive income	-	-	-	-
Total other comprehensive income for the period	4,551,554	4,906,681	13,443,066	14,690,773
Earnings per share	11			
Basic and diluted earnings per share from profit from operations	0.52	0.59	1.52	1.71
Basic and diluted earnings per share from profit before zakat for the period	0.56	0.60	1.56	1.68
Basic and diluted earnings per share from net profit for the period	0.45	0.48	1.33	1.45

Finance Department



Chief Executive Officer



Chairman of BOD



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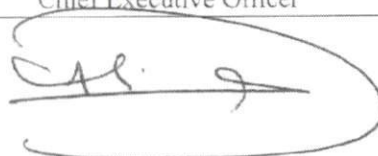
Baazeem Trading Company
Saudi Joint Stock Company
Interim condensed Consolidated Statement of Changes in Equity
For the six-month period ended June 30, 2022
(All amounts are in Saudi Riyals unless otherwise stated)

	Paid Share Capital	Statutory Reserve	Retained Earnings	Employees defined benefit obligations remeasurement reserve	Total shareholders' equity
Balance as of January 1, 2021 (Audited)	101,250,000	30,375,000	59,579,023	-	191,204,023
Net profit for the period	-	-	14,690,773	-	14,690,773
Dividends paid	-	-	(17,718,750)	-	(17,718,750)
Balance as of June 30, 2021 (Unaudited)	101,250,000	30,375,000	56,551,046	-	188,176,046
Balance as of January 1, 2022 (Audited)	101,250,000	30,375,000	63,410,991	(950,236)	194,085,755
Net profit for the period	-	-	13,443,066	-	13,443,066
Dividends paid (Note 15)	-	-	(17,718,750)	-	(17,718,750)
Balance as of June 30, 2022 (Unaudited)	101,250,000	30,375,000	59,135,307	(950,236)	189,810,071

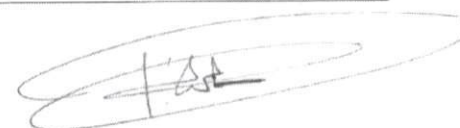
Finance Department



Chief Executive Officer



Chairman of BOD



- The accompanying notes are an integral part of these Interim condensed consolidated financial statements.

Baazeem Trading Company
(Saudi Joint Stock Company)
Interim condensed of Consolidated Statement of Cash Flow
For the six-month period ended June 30, 2022
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	For the six-month period ended	
		June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)
Cash flows from operating activities:			
Profit before zakat for the period		15,763,066	17,010,773
Adjustments to non-cash transaction			
Depreciation of Property, plant and equipment		1,777,768	1,928,557
Depreciation of Right -of- use assets		82,660	82,660
Amortization of Intangible assets		342,706	342,707
Employee defined benefit obligation expenses		600,000	1,010,000
Expired and damaged Inventory		920,386	794,840
Gain from Disposal of Property, plant and equipment		(936,480)	-
Impairment in value of Trade Receivables and other debit balances		4,701	154,500
Finance Cost		450,640	620,873
		19,005,447	21,944,910
Changes in working capital			
Trade Receivables and other debit balances, net		(12,611,930)	(397,062)
Inventory		(10,222,870)	(20,893,658)
Trade payables and other credit balances		10,583,454	4,364,643
Due to related Parties		(5,286)	(22,754)
Finance cost paid		(383,685)	(551,329)
		6,365,130	4,444,750
Zakat paid		(4,279,174)	(4,035,174)
Employee defined benefit obligation payment		(693,896)	(333,619)
Net cash flow generated from operating activities		1,392,060	75,957
Cash flows from investing activities:			
Additions to property, plant and equipment		(642,986)	(520,003)
Proceeds from disposal of property, plant and equipment		5,544,353	-
Net cash flow generated from /(used in) investing activities		4,901,367	(520,003)
Cash flows from financing activities:			
Payments of credit facilities		(55,087,132)	(55,787,940)
Proceeds from credit facilities		66,531,878	67,705,357
Payments of long-term tawarruq		(5,000,000)	(7,749,126)
Proceeds from long-term tawarruq		5,000,000	6,999,384
Dividends paid	15	(17,718,750)	(17,718,750)
Net cash flow used in financing activities		(6,274,004)	(6,551,075)
Net change in cash and cash equivalents		19,423	(6,995,121)
Cash and cash equivalents at the beginning of the period		35,720,926	36,711,727
Cash and cash equivalents at the end of the period	8	35,740,349	29,716,606
Non-cash transaction			
Impairment used against Trade Receivables and other debit balances		4,701	2,502

Finance Department

Chief Executive Officer

Chairman of BOD

- The accompanying notes are an integral part of these Interim condensed consolidated financial statements.

Baazeem Trading Company**(Saudi Joint Stock Company)****Notes to the Interim condensed consolidated financial statements****For the six-month period ended June 30, 2022****(All amounts are in Saudi Riyals unless otherwise stated)**

1- Company information:**A. Establishing the company**

Baazeem Trading Company (SA) - a Saudi joint-stock company - listed, established as per Ministerial Resolution No. (50/Q), dated Safar 12, 1429H (February 19, 2008) after announcing the transformation of Baazeem Trading Company Mohammed Bin Saleh Baazeem & Co. from a limited partnership company to a Saudi Joint-stock company - listed under the name of Baazeem Trading Company. The Company was registered in Riyadh under the same Commercial Registration No. 1010017281 dated Sha'ban 11, 1398H.

The Board of Directors of the Capital Market Authority (CMA) approved the prospectus on Rabi Al-Thani 19, 1438 H (January 17, 2017). The Board of Directors of Baazeem Trading Company - a Saudi joint-stock company - listed issued 3,037,500 shares representing 30% of its shares in the parallel market.

On November 28, 2019, the Capital Market Authority approved the request submitted by the Company on October 8, 2019, to transfer from the parallel market to the principal market. The Company's shares have been listed and traded on the principal market as of December 4, 2019.

B. The company's share capital

The share capital of the Company amounts to SR 101,250,000 consisting of 10,125,000 shares with a nominal value of SR10 per share. The founders subscribed to the entire share capital of the Company as in-kind shares.

On Safar 27, 1438 H (November 27, 2016), the Board of Directors of the Company and the Shareholders in the Extraordinary General Assembly decided to issue 3,037,500 shares representing 30% of the Company's shares in the parallel market. On Rabi Al-Thani 19, 1438 H (January 17, 2017), the Board of Directors of the Capital Market Authority (CMA) approved the prospectus of Baazeem Trading Company, a Saudi Joint Stock Company - Listed.

On November 28, 2019, the Capital Market Authority approved the request submitted by the Company on October 8, 2019, to transfer from the parallel market to the principal market. The Company's shares have been listed and traded on the principal market as of December 4, 2019.

C. The nature of the company's activity

The Company's activities include wholesale of coffee and tea products, wholesale of food items and drinks, wholesale of cosmetics and beauty soaps, wholesale of soaps and detergents, wholesale of raw plastic materials, rubber, and industrial fibers, general stores having a variety of goods, and sale of tools and plastic materials (including bags).

The activity of the Company's branch (Baazeem Factory for Industry) includes the manufacturing of sanitary paper, napkins, cleaning wipes, towels, tissue paper, towel rolls, and ready-made food packaging.

D. Fiscal year

The company's financial year is twelve months from the beginning of January until the end of December each calendar year.

E. Presentation currency and activity

The financial statements are prepared in Saudi Riyals, which is the currency of activity and offer for the company, all the numbers are rounded to the nearest Riyal, unless otherwise indicated.

Baazeem Trading Company
(Saudi Joint Stock Company)
Notes to the Interim condensed consolidated financial statements
For the six-month period ended June 30, 2022
(All amounts are in Saudi Riyals unless otherwise stated)

2- Group information

The accompanying interim condensed consolidated financial statements include the financial statements of the Parent Company and the Subsidiary (Collectively referred to as the "Group") as of June 30, 2022.

<u>Name of subsidiary</u>	<u>Country of incorporation</u>	<u>Shareholding % as of</u>	
		<u>June 30, 2022</u>	<u>December 31, 2021</u>
Baazeem Trading Establishment	Qatar	100%	100%

<u>Serial</u>	<u>Name of branch</u>	<u>Commercial Register No.</u>	<u>Date of commercial registration</u>
1	Jeddah Branch	4030034688	1/8/1402 H
2	Dammam Branch	2050106377	26/10/1436 H
3	Tabuk Branch	3550036807	26/10/1436 H
4	Buraidah Branch	1131056151	26/10/1436 H
5	Madinah Al Munawarah Branch	4650079224	26/10/1436 H
6	Khamis Mushait Branch	5855068837	26/10/1436 H
7	Baazeem Factory for Industry	4042007183	24/11/1438 H

3- The Foundations of the preparation of interim condensed consolidated financial statements:

3-1 Statement of commitment

These interim condensed consolidated financial statements were prepared in accordance with IAS 34 (Interim Financial Reports) endorsed in the kingdom of Saudi organization for certified public accountants (SOCPA)

These interim condensed consolidated financial statements don't include all the information and disclosures required to prepare a full set of the consolidated financial statements. Hence, these interim condensed consolidated financial statements should be read on conjunction with the group consolidated financial statements for the year ended December 31, 2021

3-2 Accounting basis

Consolidated financial statements are prepared in accordance with the principle of historical cost and using Accrual basis and the concept of continuity of activity, excluding financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss and investments in associate companies which are recorded in accordance with the method of equity.

3-3 Use of estimation and judgments.

The preparation of these consolidated financial statements requires management to use provisions and estimates that affect the application of accounting policies and the amounts listed for assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. The areas of management are important in the application of accounting policies and important sources of estimates and uncertainties that have a substantial impact similar to those described in the consolidated financial statements of the previous year.

Baazeem Trading Company

(Saudi Joint Stock Company)

Notes to the Interim condensed consolidated financial statements

For the six-month period ended June 30, 2022

(All amounts are in Saudi Riyals unless otherwise stated)

3- The Foundations of the preparation of interim condensed consolidated financial statements (Continued):

3-4 The basis for consolidating consolidated financial statements

These interim condensed consolidated financial statements, which include the interim condensed consolidated financial position statement, the interim condensed consolidated comprehensive profit or loss and the interim condensed consolidated income statement, the interim condensed consolidated statement of changes in shareholder's equity, the interim condensed consolidated cash flow statement and clarifications on the Group's consolidated financial statements, include assets, liabilities and results of the company's business and subsidiaries as shown in Clarification No. 2. Subsidiaries are the companies controlled by the Group, and in particular, the group controls the invested company only when the group has:

- Authority over the invested company (the existence of rights that give the group a current ability to direct activities related to the company invested in it).
- Exposure to risks or has rights to obtain different returns through its relationship with the company in which it invests.
- The ability to use its powers over the invested company to influence its returns.

In general, there is an assumption that the majority of voting rights result in control. In support of this assumption, when the group has less than a majority in voting rights or similar rights in the company in which it is invested, the Group takes into account all the facts and circumstances involved in this when ascertaining whether it exercises control over the company in which it invests, including:

- Contractual arrangements with other voting rights holders of the company in which the investor is invested.
- Rights resulting from other contractual arrangements.
- The voting rights of the group and the potential voting rights.

Subsidiaries are consolidated from the date they begin to control and until they cease to exercise that control. The group accounts for the aggregation of the business using the acquisition method when the control of the group is transferred. The converted compensation in the acquisition is generally measured at fair value, as is the case with the net identifiable assets acquired. The increase in the cost of acquisition plus the fair value of non-controlling property rights is recorded over the fair value of the net identifiable assets acquired as a reputation in the consolidated financial position statement. Non-controlling equity is measured by its share of net assets identifiable to the company acquired at the date of acquisition. The share in profit or loss and net assets not controlled by the Group is listed as a separate item in the consolidated profit or loss and income statement and within the equity in the consolidated financial position statement. Both transactions as well as unrealized balances, profits and losses resulting from transactions between group companies are excluded. Accounting policies of subsidiaries are adjusted, if necessary, to ensure that they comply with the policies of the Group.

4- Significant accounting policies:

The accounting policies applied to these the interim condensed consolidated financial statements are the same as those applied to the consolidated financial statements for the fiscal year ended December 31, 2021.

Baazeem Trading Company
Saudi Joint Stock Company
Notes on Interim condensed consolidated financial statements
For the six-month period ended June 30, 2022
(All amounts are in Saudi Riyals unless otherwise stated)

5- Financial assets at fair value through other comprehensive income

Company Name	Country of incorporation	Main activity	Percentage of ownership		Acquisition cost	June 30, 2022	December 31, 2021
			June 30, 2022	December 31, 2021			
Shamil Bank of Yemen and Bahrain - Joint-Stock	Republic of Yemen	Financial	8.96	8.96	10,189,262	1	1
Burum Seafood Company - Joint-Stock	Republic of Yemen	Industrial	11.50	11.50	4,317,290	1	1
Al-Mawarid Company for Education & Health Services - Joint-Stock	Republic of Yemen	Services	1.70	1.70	3,874,173	1	1
					18,380,725	3	3

5-1 In the light of the Company's Board's constant monitoring of the status of investments in the Republic of Yemen, which has been going through tumultuous economic conditions and the impact of the same on the financial statements, and due to the Management's inability to determine the impairment of the said investments because of the circumstances, the group's Management amortized during 2019 the Company's investments in the Republic of Yemen.

Baazeem Trading Company
Saudi Joint Stock Company
Notes on Interim condensed consolidated financial statements
For the six-month period ended June 30, 2022
(All amounts are in Saudi Riyals unless otherwise stated)

6- Inventory

	June 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
Material and cleaning tools	46,787,679	42,664,377
Food stuff	23,086,034	17,590,384
Packing and packaging materials	232,802	757,828
Goods in transit	547,634	339,079
	70,654,149	61,351,668

7- Trade Receivables and other debit balances, Net

	June 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
Trade Receivables	100,369,394	89,607,441
Less: Impairment provision in value of Trade receivables	(3,039,830)	(3,039,830)
Trade receivables, Net	97,329,564	86,567,611
Advanced to suppliers	3,615,578	2,178,776
Prepaid expenses	606,004	1,654,210
Zakat, Tax and customs Authority	6,538,580	6,538,580
Other debit balances	2,463,693	1,007,013
	110,553,419	97,946,190

The impairment provision in value of trade receivables movement was as follows:

	June 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	3,039,830	2,939,162
Charges during the period / year	4,701	416,000
Used during the period / year	(4,701)	(315,332)
Balance at the end of the period / year	3,039,830	3,039,830

8- Cash and Cash equivalent

	June 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
Banks – current accounts	30,306,936	30,455,358
Cheques – under collection	4,432,203	4,853,568
Cash in hand	589,210	-
Term deposits	412,000	412,000
	35,740,349	35,720,926

Baazeem Trading Company
(Saudi Joint Stock Company)
Notes to the Interim condensed consolidated financial statements
For the six-month period ended June 30, 2022
(All amounts are in Saudi Riyals unless otherwise stated)

9- Banks – Credit facilities:

	June 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
letters of credit	22,867,906	11,423,160
Short-term tawarruq	5,000,000	5,000,000
	<u>27,867,906</u>	<u>16,423,160</u>

Represent financing the working capital, opening letters of credit and Tawarruq on letters of credit, financing direct transfers to suppliers in order to finance the Company's liabilities based on the agreements signed between the Company and a number of banks. These agreements are compatible with the provisions of Islamic Sharia.

10- Zakat status:

During 2020, the Company received the final assessment for the years 2014-2018. The ZATCA claimed zakat differences amounting to SR8.5 million. The Company objected at the Zakat, Tax and Customs Authority (ZATCA), which accepted some items and rejected others, thus the zakat differences amounted to SR5.4 million. The Company objected to the said differences to the General Secretariat of Tax Committees (GSTC). The objection was registered under Z-2021-46525 dated April 08, 2021.

On July 05, 2021, the Company submitted a settlement application to the Tax and Zakat Dispute Resolution Committee at the ZATCA under 13632. The committee sent the Company a confirmation of receipt.

A hearing was scheduled for March 08, 2021, during which additional information about differences in imports, credit items, and investments was requested. On September 30, 2021, notification was received stating that the decision of the Zakat and Tax Disputes Resolution Committee No. 14/1443 had been approved and that an amount of SR2,366,405 was required to be paid for the zakat differences. The amount refers to the period from 2014 to 2018, and it is in addition to the previous amount paid by the Company, which is SR2,693,841. As a result, the total amount paid for differences during this time period is SR5,060,246.

The amount approved by the decision made by the Zakat and Tax Disputes Resolution Committee was paid on October 10, 2021.

Based on the founding Shareholders' previous commitment to pay the amounts representing the final assessment by the Zakat, Tax and Customs Authority for the years preceding the offering date, the founding shareholders committed to paying 55 percent of the total amount, reducing the financial impact on the Company's results. Consequently, the net amount incurred by the Company as additional amounts of zakat differences for this period is SR2,277,111.

The Company submitted its zakat returns for the years from 2013 to 2021 and obtained a final certificate for 2021.

Value Added Tax (VAT)

During the year 2020, the Company obtained an adjusted assessment of value added tax, where the Authority demands that the Company must pay tax differences of SR5,994,256 for the years 2018 and 2019. Based on the Authority's initiative that if the principal amount is paid, the penalties will be dropped, so the Company paid the original value-added tax difference of SR2,427,910. As a result, the Authority deleted wrong penalty under entry and the fine for delay under payment. The Company submitted an objection to the Zakat, Tax and Customs Authority, and the objection was rejected. The Company submitted a settlement request, but no agreement was reached with the settlement committee. Accordingly, the objection was escalated to the General Secretariat of the Zakat, Tax and Customs Committees, and it has not been considered to date. A hearing has been set for March 27, 2022. The tax advisor believes that The Company's position is good.

Baazeem Trading Company
(Saudi Joint Stock Company)
Notes to the Interim condensed consolidated financial statements
For the six-month period ended June 30, 2022
(All amounts are in Saudi Riyals unless otherwise stated)

Value Added Tax (VAT) (Continued):

During the year 2021, the Company obtained an assessment of the value added tax for the months of June and December 2020 and other months. The Authority demands that the Company must pay tax differences of SR4,110,670 in addition to penalties for error in the declaration and penalties for delay in payment for the year 2020.

The Company paid these amounts to the Authority on September 28, 2021, so that it can submit the objection for the months of June and December. It also paid differences for the rest of the months without objection. The Company submitted an objection for the months of June and December to the Zakat, Tax and Customs Authority, and the objection was rejected on February 6, 2022. On March 1, 2022, the Company submitted the objection to the General Secretariat of the Zakat, Tax and Customs Committees, and the company request was rejected. The company submitted the case to general secretariat on June 27, 2022 and it was not considered to date. The tax advisor believes that the Company's position is good, as the objected item does not represent taxable revenue, but rather a discount from an external supplier.

The Company submitted its tax returns for the years from 2018 to 2022, according to its inputs and outputs.

11- Earnings per share:

The calculation of underlying/reduced earnings per share is based on the return on ordinary shareholders and the weighted average number of existing common shares. Earnings per share as of June 30, 2022 was calculated based on the weighted average number of shares held during the year with a number of 10.125 million shares (December 31, 2021: 10.125 million shares). There are no potential discounted ordinary shares. Adjusted earnings per share is the same as the underlying profit per share as the Group has no convertible securities or reduced financial instruments to exercise it.

	For the three-month period ended		For the six-month period ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit from operations	5,293,967	6,011,637	15,363,344	17,322,186
Profit before zakat for the period	5,711,554	6,066,681	15,763,066	17,010,773
Net profit for the period	4,551,554	4,906,681	13,443,066	14,690,773
weighted average number of shares	10,125,000	10,125,000	10,125,000	10,125,000
Basic and diluted earnings per share from profit from operations	0.52	0.59	1.52	1.71
Basic and diluted earnings per share from profit before zakat	0.56	0.60	1.56	1.68
Basic and diluted earnings per share from net profit for the period	0.45	0.48	1.33	1.45

Baazeem Trading Company

(Saudi Joint Stock Company)

Notes to the Interim condensed consolidated financial statements

For the six-month period ended June 30, 2022

(All amounts are in Saudi Riyals unless otherwise stated)

12- Capital management:

In order to manage the group's capital, the capital includes equity and all other equity reserves belonging to the group's owners. The main purpose of managing the group's capital is to maximize the value of shareholders' shares. The Group manages and adjusts its capital structure considering changes in economic conditions and financial commitment requirements. To maintaining or modifying the capital structure, the Group may adjust dividend amounts paid to shareholders, return capital to shareholders or issue new shares. The group monitors capital using the leverage ratio, which represents net debt divided by total capital plus net debt. The group's liabilities include net debt, term loans, commercial accounts payable, payable expenses and other credit balances, minus bank balances.

	June 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
Banks - credit facilities	27,867,906	16,423,160
Trade payables and other credit balances	22,910,860	12,327,405
Due to related parties	376,254	381,540
Less: Cash and cash equivalents	(35,740,349)	(35,720,926)
Net debt	15,414,671	(6,588,821)
Total equity	189,810,071	194,085,755
Leverage rate	8.12%	(3.39)%

13- Fair Value of Financial Tools

Fair value is the amount received when an asset is sold or paid to transfer a liability in an organized transaction between market participants on the date of measurement. The company's financial instruments consist of financial assets and financial liabilities. The company's financial assets consist of cash and its equivalents, trade receivables, advance payments to suppliers, other debit balances and due from related parties. Financial liabilities consist of trade payables, due to related parties and other credit balances.

The fair value of financial instruments is not significantly different from their book value, unless otherwise indicated.

14- Risk management**Special commission price risk**

Special commission price risk relates to the risks resulting from the fluctuation of the value of a financial instrument as a result of the change in the prevailing commission rates in the market, and the company is subject to the risk of special commission rates on its assets associated with special commissions such as Murabaha deposits and credit facilities.

Credit risk

Credit risk is that one financial instrument does not meet its obligations and causes the other party to suffer a financial loss. The Group is exposed to credit risk on cash in the Fund, banks, receivables and commercial debtors as follows:

	June 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
Trade receivables and other debit balances, Net	110,553,419	97,946,190
Cash and cash equivalents	35,740,349	35,720,926
	146,293,768	133,667,116

The Group manages customer credit risk by dealing with customers with a reliable credit history, obtaining high-quality guarantees when necessary, monitoring unpaid balances, and banking by dealing only with reputable banks.

Baazeem Trading Company**(Saudi Joint Stock Company)****Notes to the Interim condensed consolidated financial statements****For the six-month period ended June 30, 2022****(All amounts are in Saudi Riyals unless otherwise stated)**

Liquidity risk

Liquidity risk is that the group has difficulty in providing funds to meet its financial obligations associated with financial instruments.

Liquidity risks may arise from the inability to sell financial assets quickly at an amount of near their fair value. The Group manages liquidity risk by monitoring working capital requirements and cash flows regularly and ensuring that banking facilities are available when needed. The group's terms of contract require 60-120 days from the date of invoices, and commercial accounts are usually paid within 45-120 days of billing.

Increased risk concentration

The concentration of risks arises when a number of other parties engage in similar business activities or activities in the same geographical area or when they have economic characteristics that result in their ability to meet contractual obligations similarly affected by changes in economic, political or other circumstances. The concentration of risks indicates the relative sensitivity of the group's performance to developments affecting an industry.

15- Dividends paid:

The Board of Directors of the company decided at their meeting on March 13, 2022, to distribute cash dividends to the company's shareholders for the second half of 2022, with a amount of (SAR 17,718,750) distributed on the number of shares of 10.125 million shares, 1.75 Saudi riyals per share, distribution ratio of nominal value is 17.5%. it approved in the general assembly's on May 9, 2022.

16- Subsequent events:

Group management considers that there are no significant subsequent events after the date of the report that require their modification or disclosure in these consolidated financial statements.

17- Approval of the interim condensed consolidated financial statements

The interim condensed consolidated financial statements were approved by the Company's Board of Directors on August 09, 2022 G